

Message Text

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ACTION EA-06

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FM AMEMBASSY ROME

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AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY BERN

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY SEOUL

AMEMBASSY MOSCOW

USLO PEKING

AMEMBASSY DUBLIN

C O N F I D E N T I A L ROME 0507

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, KN, PFOR, EEC, EAID, IT

SUBJECT: DEBT RESCHEDULING FOR NORTH KOREA

REF: STATE 5077

1. EMBOFF DISCUSSED ON JANUARY 13 NORTH KOREAN DEBT ISSUE AS REQUESTED REFTEL WITH DR. GIUSEPPE LO JACONO OF MINISTRY OF FOREIGN AFFAIRS OFFICE OF EAST-WEST ECONOMIC MATTERS. LO JACONO SAID ITALY HAD HEARD NOTHING ABOUT ANY POSSIBLE PREPARATIONS BEING TAKEN BY FRANCE TO CALL A NEW MEETING OF NORTH
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KOREAN CREDITOR NATIONS TO DISCUSS DEBT SITUATION. HE ADDED THAT NEBOT GENERALLY KEEPS THE ITALIAN MISSION PARIS WELL

INFORMED ABOUT DEVELOPMENTS AND THAT THEY HAVE NOT HEARD OF
NW PLANS.

2. LO JACONO SAID THAT THE ITALIAN GOVERNMENT, SINCE THE TIME OF THE MEETING OF THE CREDITORS IN SEPTEMBER AT WHICH ITALY SAT AS AN OBSERVER, HAD DEVELOPED A POSITION REGARDING ANY POSSIBLE REQUEST FROM THE NORTH KOREANS FOR A DEBT RESCHEDULING. THE SALIENT POINTS OF THE POSITION SEEM TO BE THAT ITALY (1) FAVORS CLOSE CONSULTATION AMONG CREDITORS TO MONITOR DEBT DEVELOPMENTS AND WILL CONTINUE TO PARTICIPATE AS AN OBSERVER IN ANY FUTURE MEETINGS OF CREDITORS, (2) BELIEVES THAT BILATERAL AGREEMENTS MAY HAVE TO BE REACHED IN CERTAIN CASES, AND (3) FEELS THAT THE TIME IS NOT NOW "RIPE" FOR MULTILATERAL RESCHEDULING EXERCISE. LO JACONO EMPHASIZED THAT WHOLE ISSUE WAS A DIFFICULT ONE FOR ITALIAN GOVERNMENT SINCE (A) THE AMOUNTS INVOLVED ARE MINOR, AND (B) ITALY DOES NOT HAVE DIPLOMATIC RELATIONS WITH NORTH KOREA. HE ADDED THAT DUE TO THE CONCERN ABOUT THE ADEQUACY OF NORTH KOREA'S FOREIGN EXCHANGE HOLDINGS, THE ITALIAN INTERMINISTERIAL CREDIT COMMITTEE WHICH MUST APPROVE ALL EXPORT FINANCE AND INSURANCE OPERATIONS HAS PLACED ALL APPLICATIONS CONCERNING NORTH KOREA IN SUSPENSE.

3. AT THE PRESENT TIME, ACCORDING TO LO JACONO, THE NORTH KOREANS ARE CURRENT ON ALL DEBTS OWED TO ITALIANS. LAST FALL THE NORTH KOREANS WERE LATE IN MAKING PAYMENTS ON THREE INSTALLMENTS (VALUE 648 MILLION LIRE OR \$953,000 AT CURRENT EXCHANGE RATE OF \$1.00 EQUALS 680 LIRE) ON 180-DAY CREDITS OF THE BANCA NAZIONALE DEL LAVORO. HOWEVER, BY THE END OF NOVEMBER 1975 THESE INSTALLMENTS HAD BEEN PAID IN FULL. THE OUTSTANDING AMOUNT OF NORTH KOREAN DEBTS TO ITALY IS NOW APPROXIMATELY TWO BILLION LIRE OF \$2.9 MILLION AT CURRENT CONVERSION RATE. VOLPE

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